

UNITED STATES DEPARTMENT OF AGRICULTURE

U.S. FARM SECURITY ADMINISTRATION

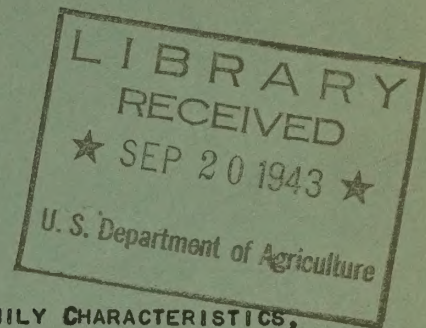
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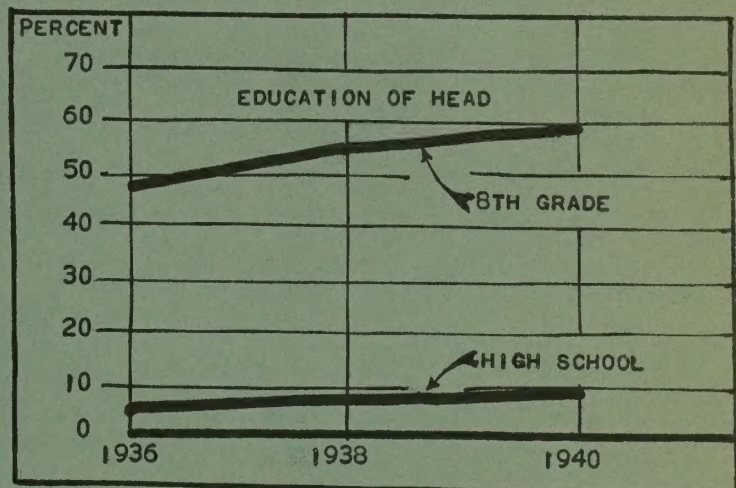
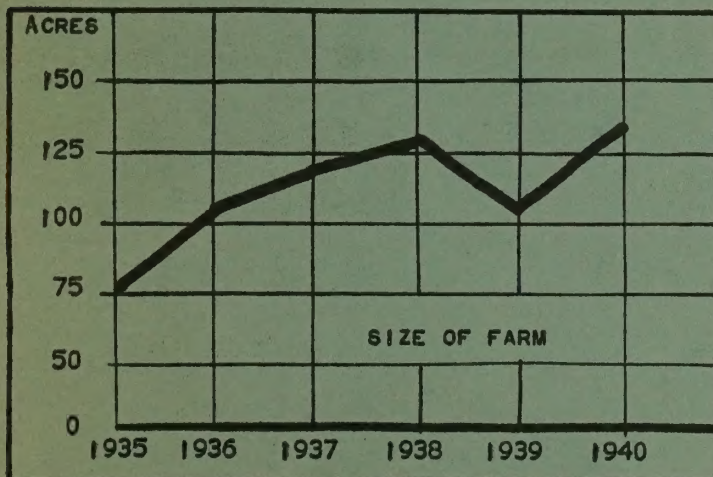
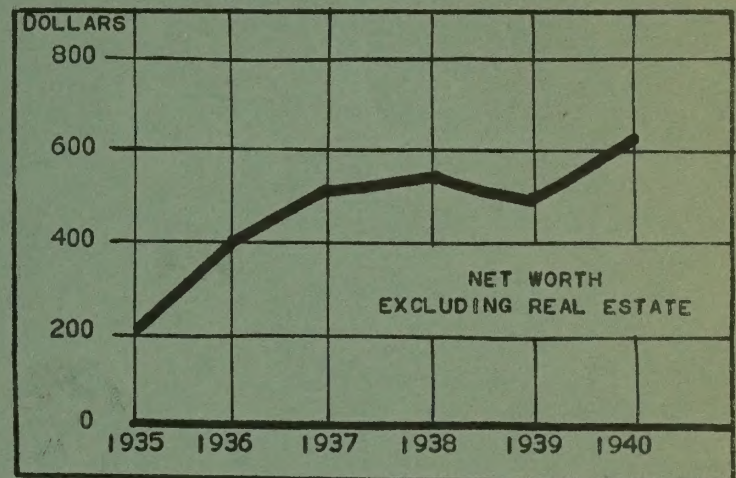
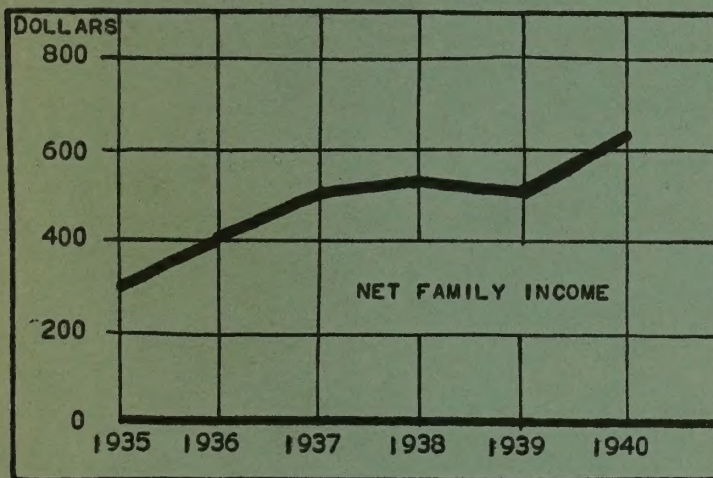
PROGRAM ANALYSIS REPORT RR - 17  
(FOR ADMINISTRATIVE USE ONLY)

TREND IN FAMILY SELECTION FOR  
THE RURAL REHABILITATION PROGRAM

1935 - 40



TREND IN "BEFORE ACCEPTANCE" FARM AND FAMILY CHARACTERISTICS,  
BY YEAR COMING ON PROGRAM



PLANNING AND ANALYSIS SECTION  
RURAL REHABILITATION DIVISION

OCTOBER 20, 1941







SEP 20 1943

### Introduction

This is the first of a series of reports to be issued using data from the 1940 Annual Family Progress Report on Active Standard Rehabilitation Borrowers.

It briefly summarizes information brought together by this report - and a few facts from other sources - having to do with the status and characteristics of farm families at the time, or during the year before, they were accepted on the RR program.

Whatever uniformity there is in RR acceptance policy was born of the supervisors' own judgments or perhaps of the pressures of changing county conditions. At least, that is what the facts indicate.

For the RR program is reaching higher, not digging deeper. The apparent uniformity in acceptance policy is on the upgrade. To those who are interested in achieving the uniformity in policy along a different plane, this report indicating present trends might be interesting.

Subsequent reports based on data from the 1940 progress report will deal primarily with what happens to RR families after they come on the program.





Trend in Family Selection for  
The Rural Rehabilitation Program  
1935 - 40

BRIEF SUMMARY

1. Over the years the trend in FSA family selection policy has been toward selecting families with larger farms, higher net incomes, greater net worths, and fewer children, and toward choosing slightly younger and better educated operators. The proportion of owners and tenants has changed very little.
2. The upward trend in the size of farms operated by families accepted on the RR program has been markedly greater than the upward trend in average size of all farms in the United States.
3. Not only is the trend upward in the size of their farms, but RR borrowers are increasing their acreages by one-third after coming on the program.
4. As additional evidence that recently-selected borrowers are further up the economic scale than earlier borrowers, new borrowers in 1939 and 1940 have expanded their farm size as much in one or two years on the program as earlier borrowers have expanded in five or six years.
5. The upward trend in level of income (before acceptance) of borrowers selected on the program cannot be justified by the upward trend of income of all farmers. This is particularly true in the Western regions.

THE GREAT BRITISH EMERALD  
JULY 1910

THE EMERALD

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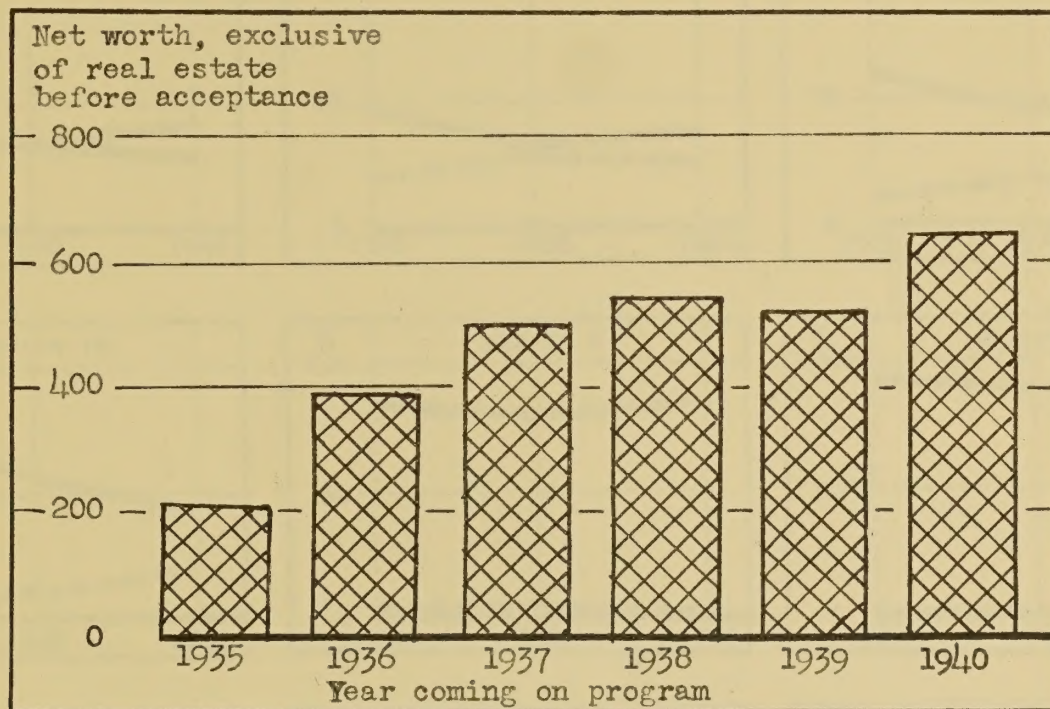


## A - TREND IN NET WORTH

Each year FSA appears to be taking farmers on its RR program who are better off than earlier borrowers. This is shown by the fact that in recent years farmers at the time of acceptance have had higher net worths - the total value of all their resources and belongings over and above their debts. This strong upward trend in net worth of new borrowers has held both with and without real estate assets and liabilities being included.

Figure 1 below shows the upward trend in average non-real estate net worth of new borrowers from 1935 to 1940. New 1940 borrowers had before-acceptance net worths three times as large as 1935 borrowers, 60 percent greater than 1937 borrowers and 20 percent greater than 1939 borrowers.

Figure 1. - Trend in Net Worth of New Borrowers

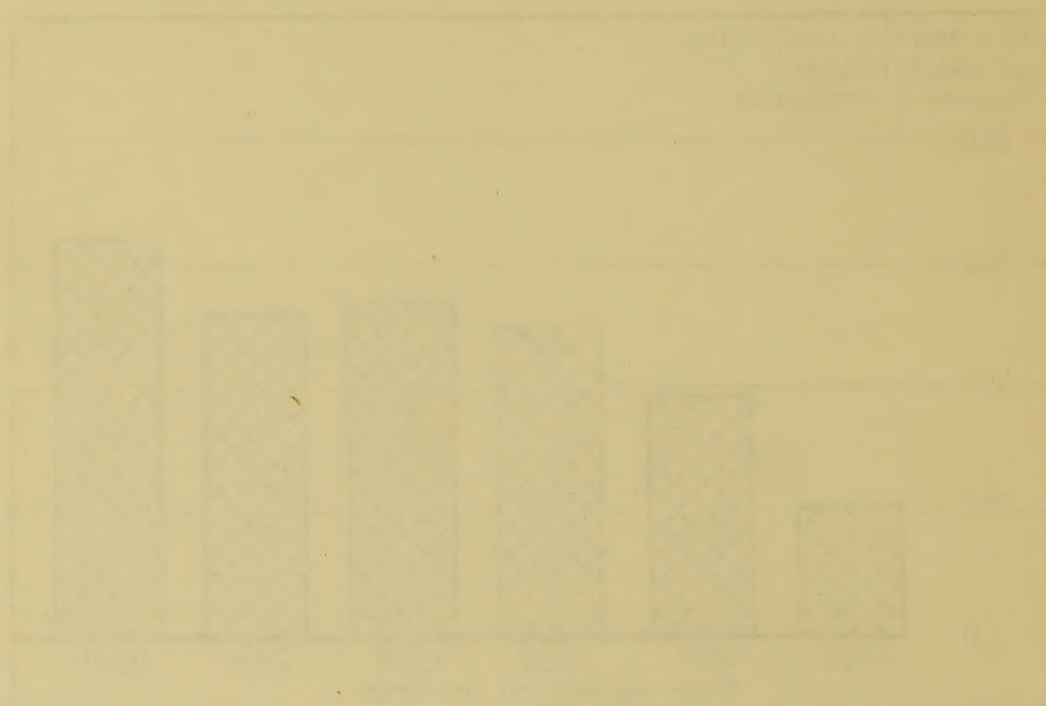


Though the general trend is strongly upward, there is considerable variation from region to region. The Western regions seem to have reached the farmers farthest up the scale in net worth. Figure 2 shows the trend from 1936 to 1940 in the selection of borrowers below \$500 net worth and of borrowers above \$1000. The evidence here indicates that our program is moving toward selecting fewer borrowers below \$500 in non-real estate net worth and more borrowers above \$1000. In four of the regions, over 40 percent of the new borrowers in 1940 had non-real estate net worths above \$1000. Is a farmer with a \$1000 net worth in non-real estate assets a low-income farmer?

This same upward trend in net worth of new borrowers is found if real estate assets and liabilities are included. Over one-fourth of all new borrowers coming on the program during April, May, June, and July 1941 had net worths (including real estate assets and liabilities) of \$2500 or more. The new 1941 borrowers included a smaller proportion under \$500 and a larger proportion over \$1000 in net worth than was true among all borrowers already on the program.

The first part of the report is devoted to a general survey of the situation in the country. It is followed by a detailed description of the various regions and their characteristics. The third part of the report is devoted to a description of the various industries and their products. The fourth part of the report is devoted to a description of the various social and economic conditions of the country. The fifth part of the report is devoted to a description of the various political and administrative conditions of the country. The sixth part of the report is devoted to a description of the various cultural and educational conditions of the country. The seventh part of the report is devoted to a description of the various religious and moral conditions of the country. The eighth part of the report is devoted to a description of the various scientific and technological conditions of the country. The ninth part of the report is devoted to a description of the various artistic and literary conditions of the country. The tenth part of the report is devoted to a description of the various historical and archaeological conditions of the country. The eleventh part of the report is devoted to a description of the various geographical and topographical conditions of the country. The twelfth part of the report is devoted to a description of the various climatic and meteorological conditions of the country. The thirteenth part of the report is devoted to a description of the various biological and zoological conditions of the country. The fourteenth part of the report is devoted to a description of the various geological and mineral conditions of the country. The fifteenth part of the report is devoted to a description of the various astronomical and cosmological conditions of the country. The sixteenth part of the report is devoted to a description of the various linguistic and philological conditions of the country. The seventeenth part of the report is devoted to a description of the various legal and judicial conditions of the country. The eighteenth part of the report is devoted to a description of the various medical and health conditions of the country. The nineteenth part of the report is devoted to a description of the various military and defense conditions of the country. The twentieth part of the report is devoted to a description of the various international and foreign relations conditions of the country.

Figure 1 - A bar chart showing the distribution of the population in the country.



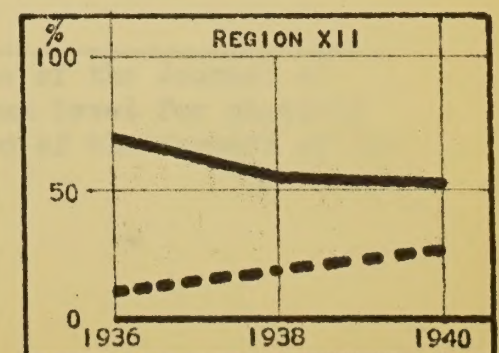
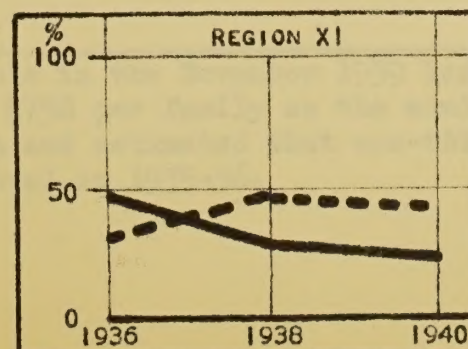
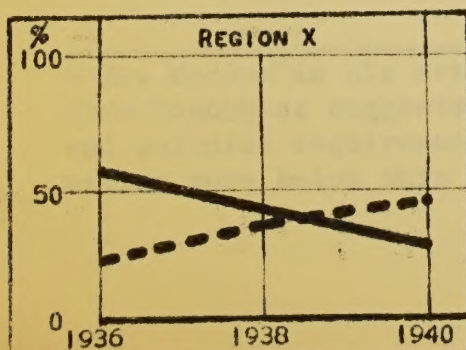
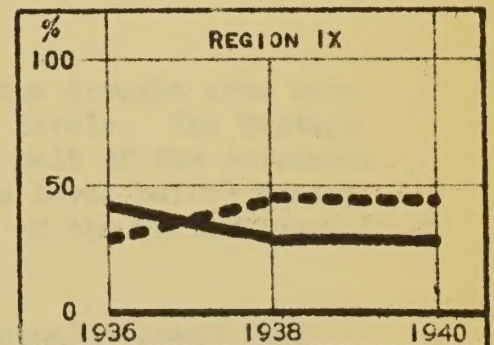
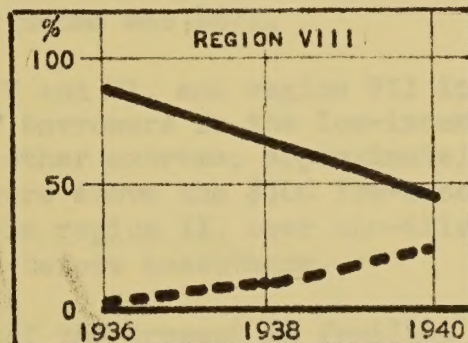
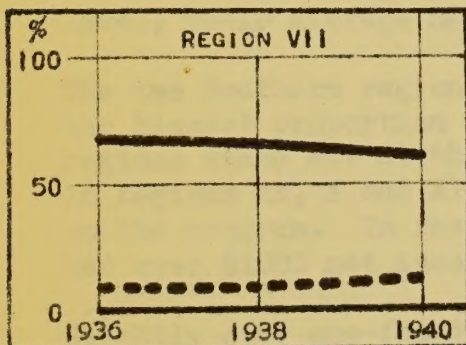
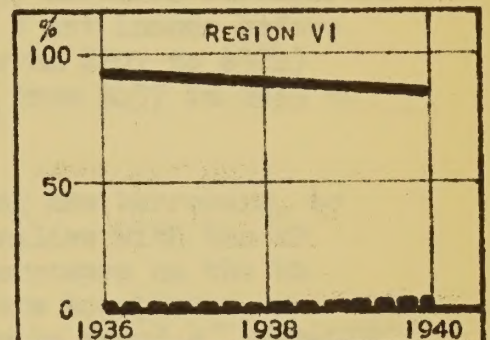
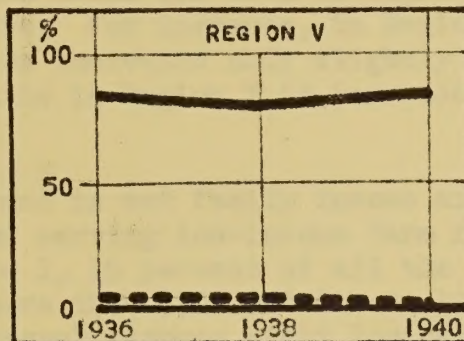
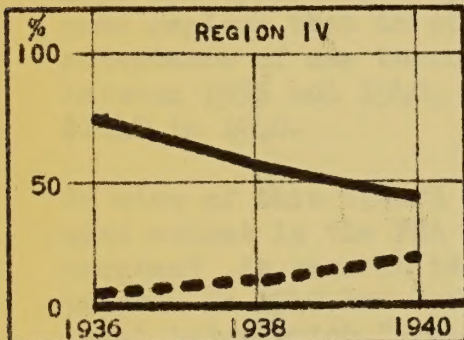
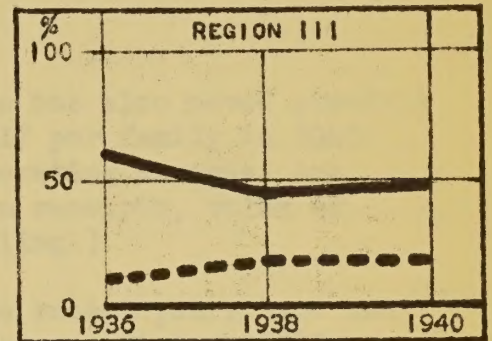
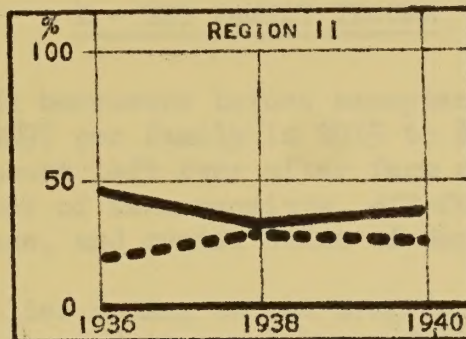
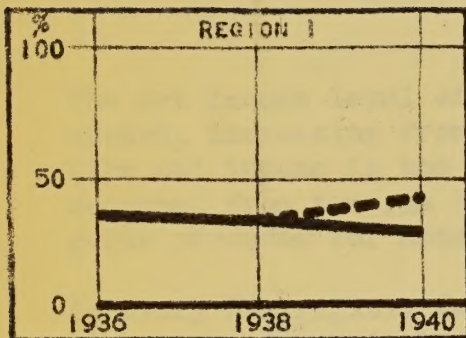
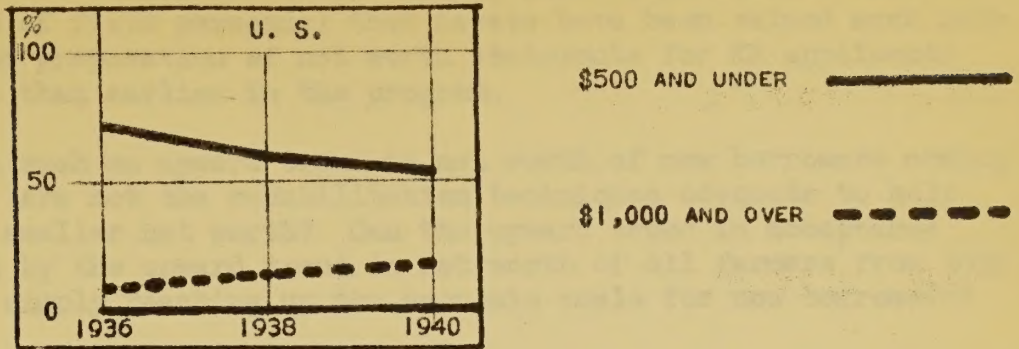
The chart shows the distribution of the population in the country. The x-axis represents the population in millions, and the y-axis represents the percentage of the total population. The chart shows five bars of decreasing height from left to right, representing different population groups. The first bar represents the population in the capital city, which is the largest group. The second bar represents the population in the surrounding urban areas. The third bar represents the population in the rural areas. The fourth bar represents the population in the mountainous regions. The fifth bar represents the population in the coastal areas. The chart shows that the population is concentrated in the capital city and the surrounding urban areas, with a smaller population in the rural areas and the mountainous regions. The coastal areas have a smaller population than the other regions.

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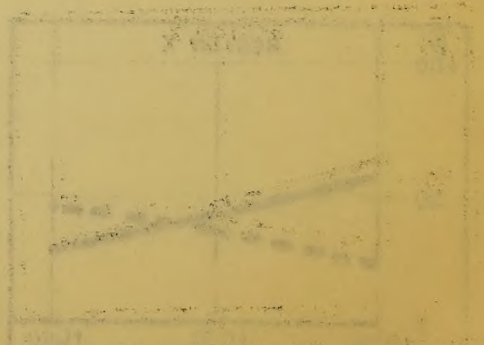
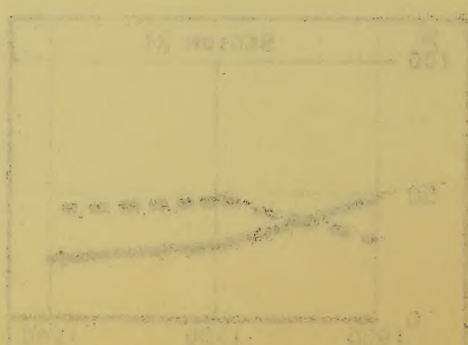
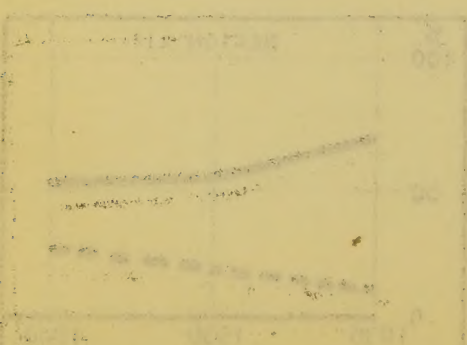
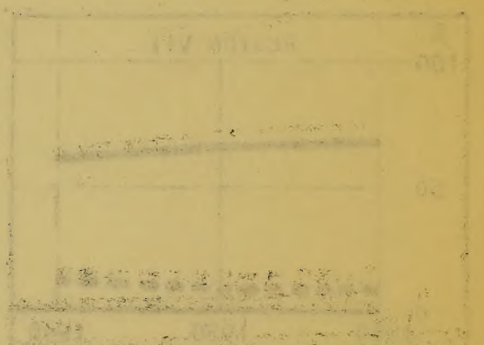
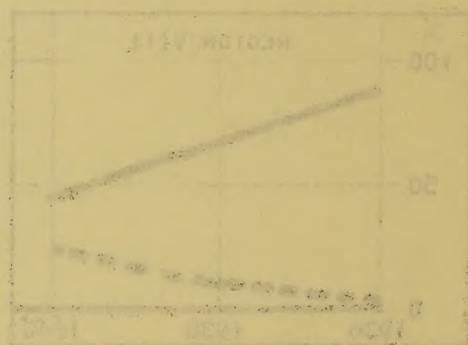
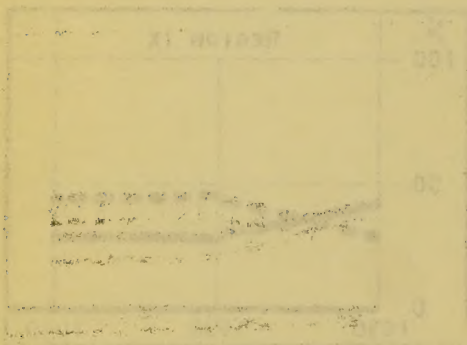
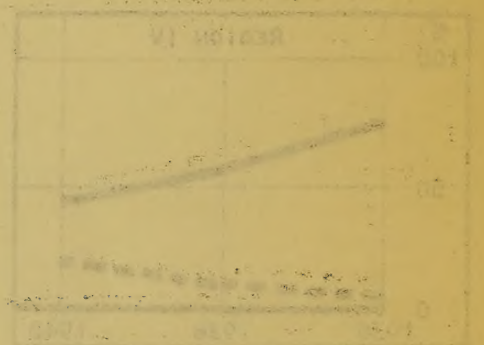
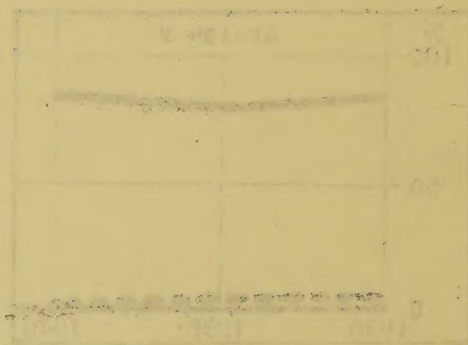
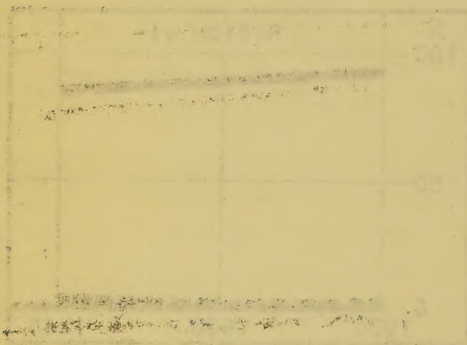
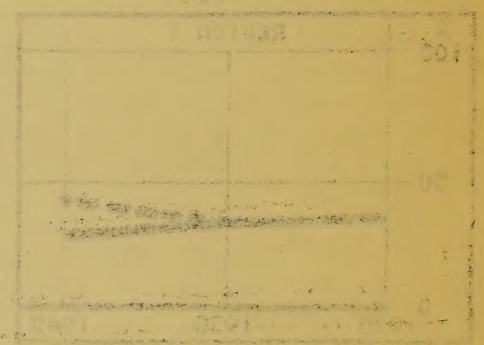
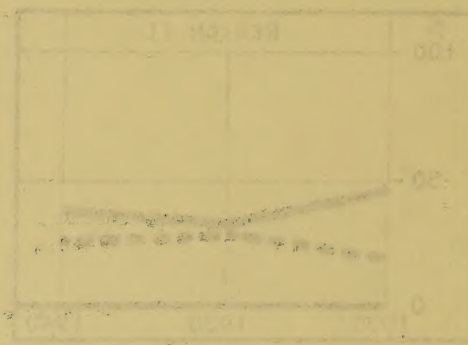
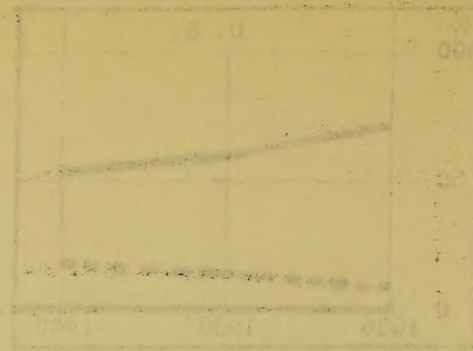
FIGURE 2

TREND IN PROPORTION OF BORROWERS WITH NET WORTH BEFORE  
ACCEPTANCE OF \$500-AND-UNDER, AND \$1,000-AND-OVER  
1936, 1938, AND 1940





THE EFFECT OF TEMPERATURE ON THE RATE OF REACTION OF HYDROGEN PEROXIDE WITH HYDROGEN SULFIDE





This trend in net worth of new borrowers assumes added significance when one considers the claim of field personnel that assets have been valued much more realistically in the preparation of net worth statements for RR applicants during recent years than earlier in the program.

Why should there be such an upward trend in net worth of new borrowers coming on the RR program? Are not the rehabilitation techniques adequate to help the farmer with a smaller net worth? Can the upward trend in acceptance policy be justified by the upward trend in net worth of all farmers from 1935 to 1940, or are we simply reaching up the economic scale for new borrowers?

#### B - NET FAMILY INCOME

The net income level of RR borrowers before acceptance has also moved steadily upward, increasing from \$297 per family in 1935 to \$617 per family in 1940. (The net income is the amount left over after farm operating expenses are deducted from the sum total of farm receipts, off-farm receipts, value of goods produced for home use, and rental value of dwelling.)

In every FSA region, families coming on the program in recent years have had higher net incomes when accepted than was true of those accepted in 1935, 1936 and 1937. This upward trend (as seen in figure 3) has been stronger in some regions than in others. For instance, in Region V net income before acceptance of new borrowers increased only slightly (from \$207 to \$324) between 1935 and 1940, while in Region X it increased from \$437 in 1935 to \$1042 in 1940.

In view of this upward trend in net family income among new borrowers, to what extent is the FSA now serving low-income farm families with the RR program? As seen in table 1, 19 percent of all the borrowers on the RR program in 1940 had had more than \$700 net income before acceptance, the level below which "low-income" farmers might logically be found.\* Probably one-third of the new borrowers accepted in 1940 were above this low-income level; their average net income was \$671.

The two Southern regions V and VI, and region VII in the drought area have the highest proportion of borrowers in the low-income levels. The Western regions stand out at the other extreme; approximately half of the borrowers in regions IX, X and XI were above the \$700 low-income level before coming on the program. In fact in region IX, over one-third of the RR borrowers had over \$1000 net income before acceptance.

Slightly over one-fourth of the present RR families actually spent over \$300 (or \$60 per person) cash for family living expenses the year before

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\* Mr. Maddox in his article in the November 1939 issue of the Journal of Farm Economics suggested \$750 per family as the minimum level for physical and cultural requirements and estimated that one-third of the farmers of the nation were below this level in 1935-36.





FIGURE 3 - TREND IN NET FAMILY INCOME\* BEFORE ACCEPTANCE  
AMONG BORROWERS UNDER THE PROGRAM

\* NET INCOME IS THE AMOUNT LEFT OVER AFTER FARM OPERATING EXPENSES ARE DEDUCTED FROM TOTAL FARM RECEIPTS, OFF-FARM INCOME, VALUE OF PRODUCTION FOR HOME USE, AND RENTAL VALUE OF DWELLING.

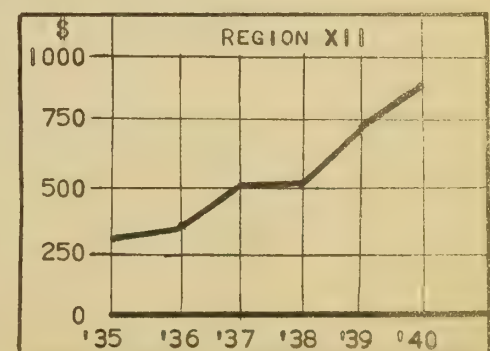
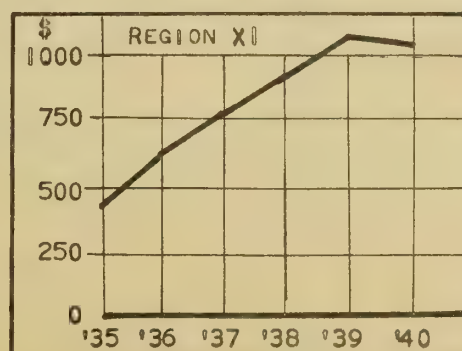
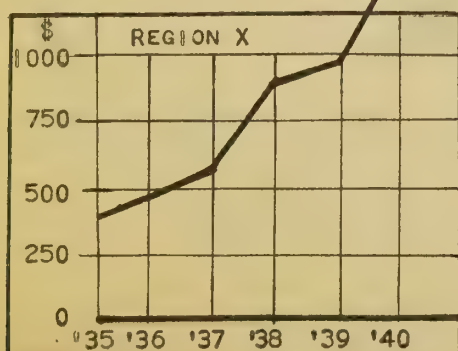
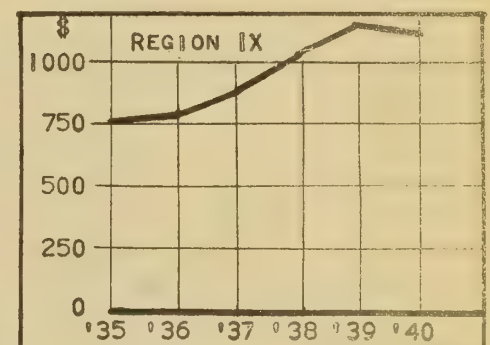
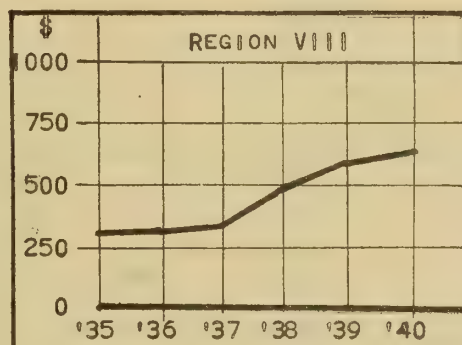
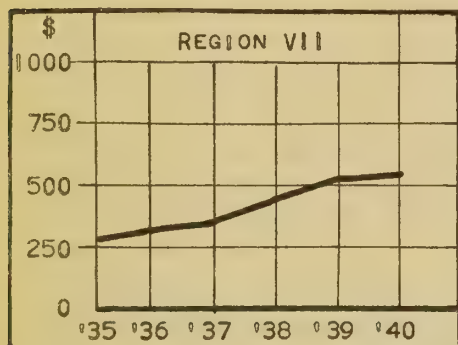
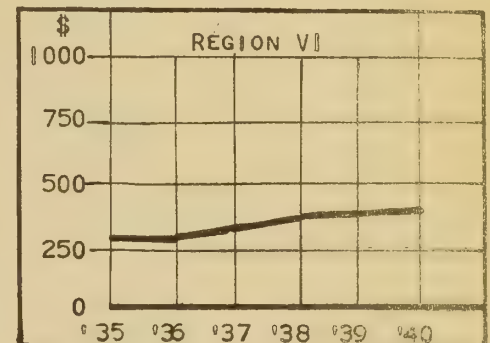
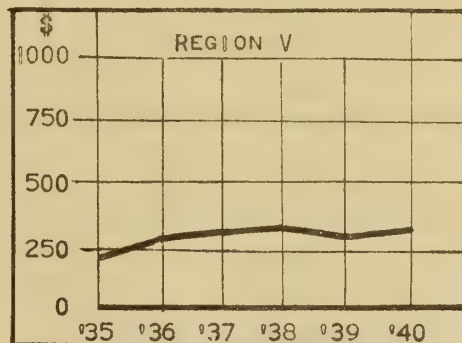
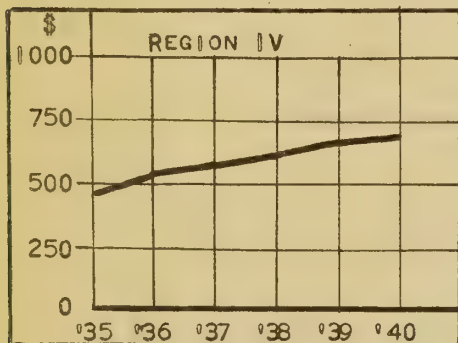
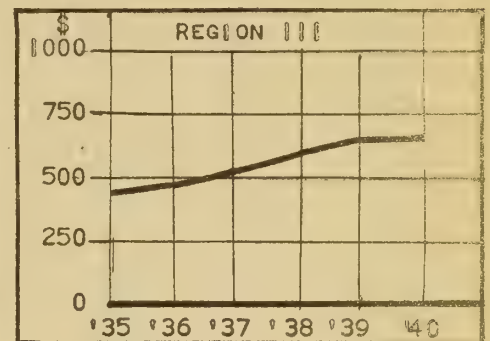
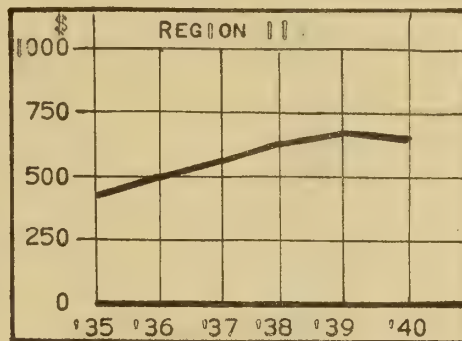
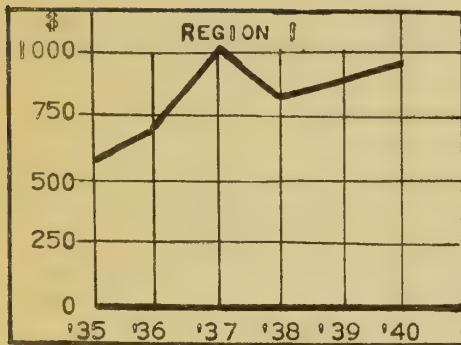
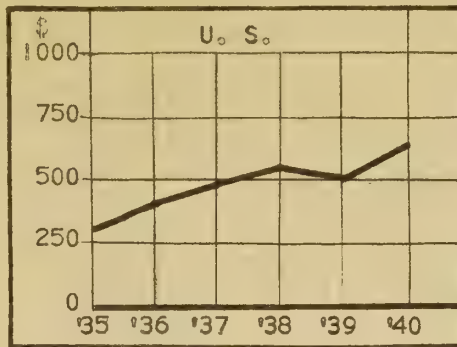






Table 1. - Distribution of All RR Borrowers by Net Family Income  
Before Acceptance on Program 1935 to 1940

Region and State	Net income before coming on the RR program			
	Poverty level under \$300	Low income \$300 - \$699	Medium income \$700 - \$999	Upper income \$1000 & over
Distribution of all RR borrowers				
	Percent	Percent	Percent	Percent
United States	36	45	11	8
Region I	12	35	23	30
Connecticut	7	22	18	53
Delaware	33	34	22	11
Maine	19	32	22	27
Maryland	13	42	23	22
Massachusetts	3	20	24	53
New Hampshire	5	39	21	35
New Jersey	16	40	24	20
New York	13	36	24	27
Pennsylvania	7	42	24	27
Rhode Island	0	8	21	71
Vermont	6	24	28	42
Region II	14	56	19	11
Michigan	9	52	24	15
Minnesota	19	57	16	8
Wisconsin	13	59	18	10
Region III	17	57	17	9
Illinois	11	55	20	14
Indiana	8	54	23	15
Iowa	14	57	19	10
Missouri	29	60	8	3
Ohio	9	53	24	14
Region IV	13	58	20	9
Kentucky	8	61	22	9
North Carolina	14	55	21	10
Tennessee	17	62	17	4
Virginia	18	60	16	6
West Virginia	8	53	24	15
Region V	65	31	3	1
Alabama	76	22	1	1
Florida	48	43	6	3
Georgia	65	33	2	0
South Carolina	57	37	4	2





Table 1 (Continued)

Region and State	Net income before coming on the RR program			
	Poverty level under \$300	Low income \$300 - \$699	Medium income \$700 - \$999	Upper income \$1000 & over
	Distribution of all RR borrowers			
	Percent	Percent	Percent	Percent
Region VI	47	48	4	1
Arkansas	47	48	4	1
Louisiana	44	50	5	1
Mississippi	51	45	3	1
Region VII	40	47	9	4
Kansas	35	50	10	5
Nebraska	43	45	8	4
North Dakota	35	48	11	6
South Dakota	43	46	7	4
Region VIII	38	44	11	7
Oklahoma	36	44	12	8
Texas	39	43	11	7
Region IX	7	32	26	35
Arizona	6	28	20	46
California	7	29	27	37
Nevada	13	27	22	38
Utah	6	36	27	31
Region X	26	37	17	20
Colorado	31	40	12	17
Montana	21	34	21	24
Wyoming	25	36	18	21
Region XI	10	37	24	29
Idaho	6	41	24	29
Oregon	7	33	27	33
Washington	17	37	21	25
Region XII	41	40	10	9
Colorado	36	43	11	10
Kansas	50	33	9	8
New Mexico	45	39	9	7
Oklahoma	68	26	3	3
Texas	29	47	13	11





they came on the RR program. What is the minimum goal for cash living expenditures per person? Between two-thirds and three-fourths of the families on the RR program in regions IX, X and XI were spending an average of \$500 cash (or \$100 per person) for family living before coming on the program. In addition to this \$100 cash per person, they were consuming \$30 worth of home-produced goods per person. Outside of the four Southern regions approximately half of the RR families were spending from \$85 to \$100 cash per person for family living before coming on the program. On the other hand, most of the RR families in the four Southern regions were spending less than \$50 cash per person before they came on the program. In fact over two-thirds of the borrowers in region V and VI were spending less than \$25 per person for cash living items.

What does this mean? Is FSA really trying to serve the farm families who are below the "poverty line"? If so, why has the RR program tended to move away from that group? Has FSA found that its available techniques for rehabilitation are not applicable to the very low-income families? Is FSA's better record in the South an indication that it is there that future expansion of the present rehabilitation program might most logically occur?

Is this trend toward selection of higher income families in recent years out of proportion to the upward trend in general farm income and farm prices during the period 1935 to 1940?

Gross income is the only income measure by which RR farms and all farms can be compared directly.\* A comparison can be made between the trend in average gross income before acceptance of farmers accepted on the RR program with the trend in average gross income of all farmers during the same years. To make the figures directly comparable, the average gross income figures might best be transposed to an index, using the average for the year 1935 as the base.

Such a comparison for each FSA region is made in figure 4. It can be seen immediately that from year to year, FSA has picked families with higher gross incomes than was justified by the general increase in gross income. Instead of "digging deeper" in recent years, FSA has moved up the economic scale. This upward movement is especially marked for Regions VIII, IX, X, XI and XII.

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\* Gross income of all farms, based on estimates prepared by the E. A. E. in "Gross Income and Government Payments", includes sale of farm products, value of home used products and inventory increases. Gross income per farm is used in order to adjust for changes in number of farms from 1935 - 1940. Gross income of all farms in 1934 is compared with before acceptance gross income of FSA borrowers coming on program in 1935. FSA gross income includes sale of farm products, income not from farm, value of home use products, rental value of the dwelling, but no change in inventories.

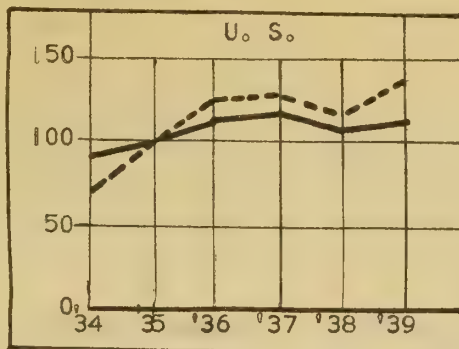




FIGURE 1. TREND IN AVERAGE GROSS INCOME OF RR/ BORROWERS  
BEFORE ACCEPTANCE, COMPARED WITH ALL FARMS  
1934/ TO: 1939

A/ - INDEX OF GROSS INCOME BEFORE  
ACCEPTANCE OF RR BORROWERS.  
SOURCE: 1940 FAMILY PROGRESS  
REPORT.

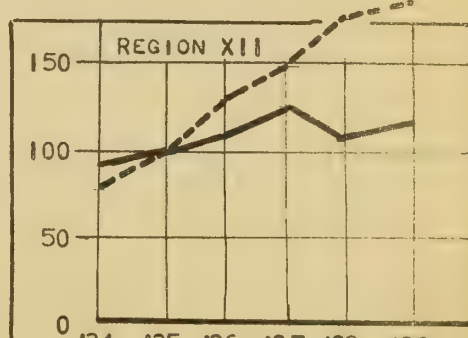
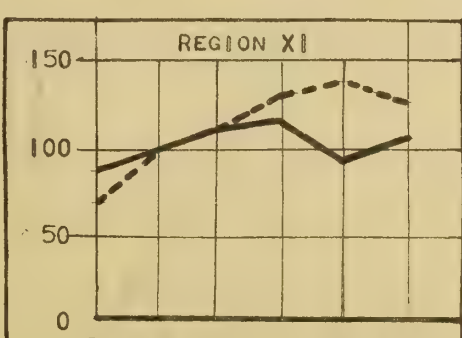
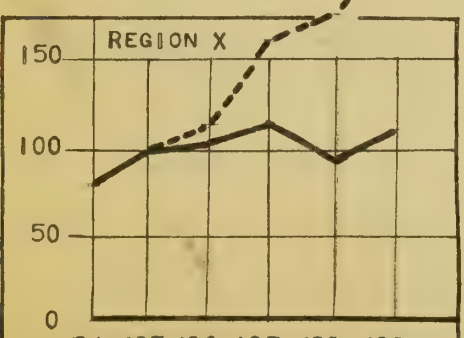
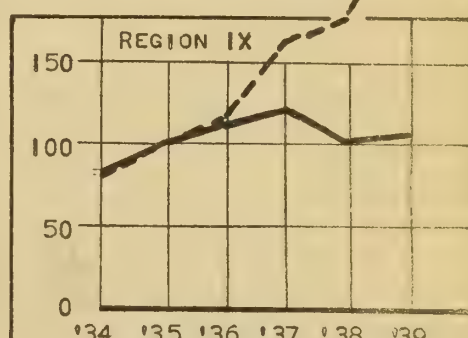
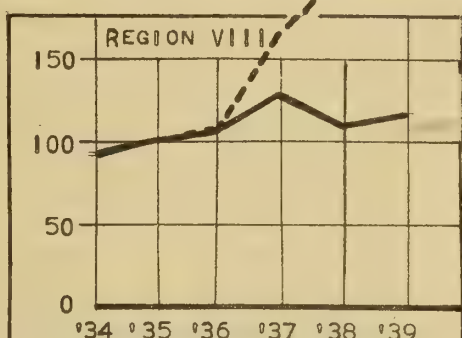
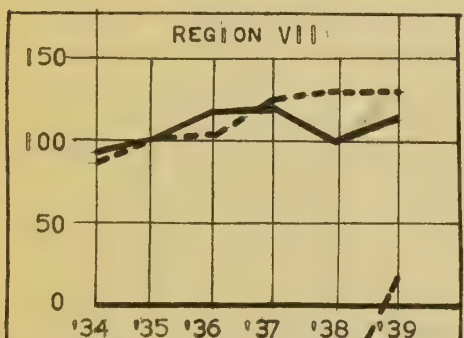
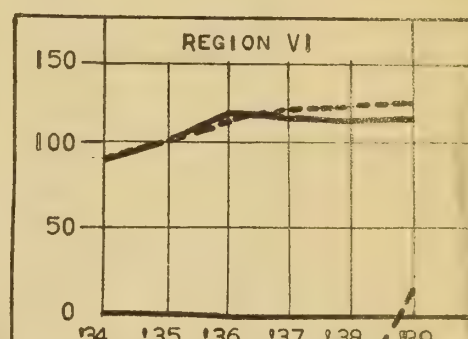
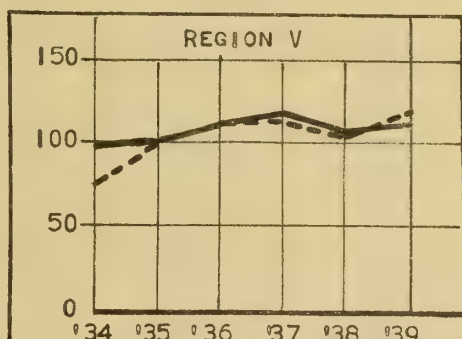
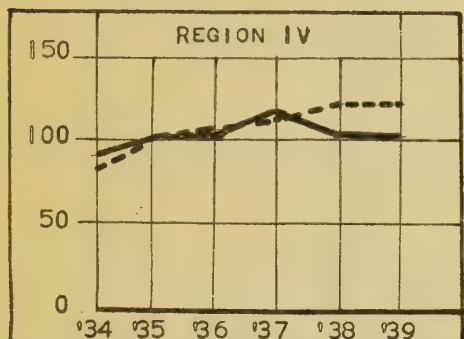
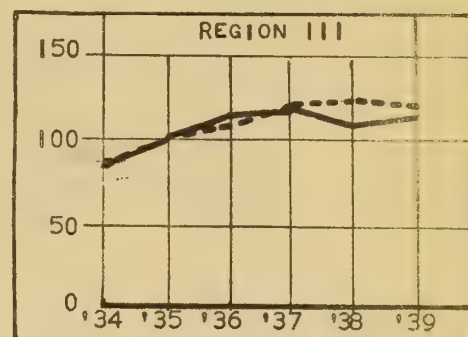
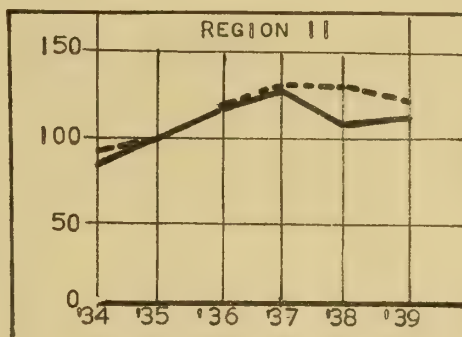
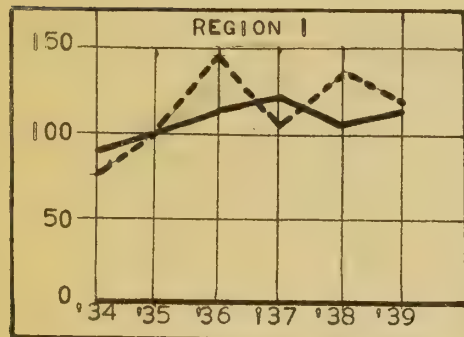
B/ - INDEX OF GROSS INCOME, ALL FARMS.  
SOURCE: BAE "GROSS INCOME AND  
GOVERNMENT PAYMENTS."



RR BORROWERS A/ - - - - -

ALL FARMS B/ - - - - -

1935 = 100







C - SIZE OF FARM

FSA is selecting families with bigger farms each year. Its policy has changed tremendously since the beginning of the program on this point. According to the 1937 Annual Progress Report the average size of all farms operated before acceptance by borrowers new in 1935, 1936 and 1937 was 80 acres. In 1940, the new borrowers boasted a farm of approximately 134 acres.

Table 2. - Trend in Size of Farm of Families Accepted on the RR Program between 1935 and 1940

Region	Average size of farm year before acceptance of borrowers coming on the program in:					
	1935	1936	1937	1938	1939	1940
	<u>Acres</u>	<u>Acres</u>	<u>Acres</u>	<u>Acres</u>	<u>Acres</u>	<u>Acres</u>
U. S.	75	106	117	129	104	134
I	74	98	110	96	103	114
II	90	100	104	97	98	110
III	84	90	100	99	87	90
IV	64	75	81	86	78	90
V	32	37	42	48	51	53
VI	37	37	39	39	40	42
VII	67	237	242	287	297	311
VIII	70	62	77	103	149	150
IX	49	90	125	134	127	190
X	327	415	598	851	664	970
XI	80	72	128	140	146	200
XII	240	302	332	357	269	440

As seen in table 2, this trend is not localized but has occurred in all regions. The vast increase in the western regions accounts for much of the upward national trend, but by no means all of it. The average size of farm operated by farmers accepted on the program in region IV increased from 64 acres in 1935 to 90 acres in 1940, in region V from 32 acres in 1935 to 53 in 1940, and in region VIII from 70 acres in 1935 to 150 in 1940.

Can this strong upward trend in size of farms selected be explained by the general upward trend in average farm size among all farms? The answer is "No". The average farm size increased about 12 percent in the United States between 1930 and 1940, while the average operated by new RR borrowers increased by about 75 percent from 1935 to 1940. Table 3 shows the change in average size of farm for the decade for all farms in FSA regions according to U. S. Census figures.





Table 3. - Trend in Average Size of Farm - 1930, 1935, 1940  
(from U. S. Census)

Region	Average size farm		
	1930	1935	1940
	<u>Acres</u>	<u>Acres</u>	<u>Acres</u>
United States	157	155	174
I	101	93	96
II	129	124	128
III	125	122	128
IV	84	78	81
V	76	82	102
VI	60	65	72
VII*	391	383	439
VIII*	210	220	262
IX	590	532	741
X*	964	1,007	1,197
XI	238	221	238
XII*	433	404	517

\* Several States are duplicated in these regions.

What is the reason for this shift upward in the size of farm selected on the RR program? Are there no small farms left? In spite of the trend toward larger farms in the United States, the 1940 Census reports almost half the farms in the United States to be under 100 acres each and considerably more than one-fourth under 49 acres. Table 4 below gives ample evidence that there are still hundreds of thousands of farm families trying to squeeze out a living on small farms.

Table 4. - Number of Small Farms in United States  
(from 1940 Census)

FSA region	Total number farms	Number of farms under 49 acres	Number of farms under 100 acres
United States	6,096,799	1,780,260	3,071,308
I	543,394	134,519	266,953
II	571,675	96,181	245,245
III	1,101,189	196,451	440,599
IV	1,052,924	402,932	665,026
V	647,585	278,062	444,745
VI	657,773	368,455	486,140
VII	423,805	23,849	54,668
VIII	597,689	128,383	254,544
IX	180,110	68,302	90,427
X	108,277	11,109	20,949
XI	187,178	63,418	92,951
XII*	-	-	-

\* All but one of the States in this region were included in Regions VII, VIII, and X. Therefore the regional figures will not total to the U.S. figure.





Among the suggestions that have been made to explain FSA's disposition to reach up among the bigger and more affluent families for the RR program are the following:

- (1) That the same economic forces that are causing farms in general to become larger (viz., competition, mechanization, commercialization) are causing supervisors to select operators with greater capital.
- (2) That supervisors are convinced that the small units are hopeless for response to FSA assistance and the supervisors are therefore selecting what they believe to be more economic units.
- (3) That fewer small farmers are applying for FSA assistance because they either do not believe their farms are capable of supporting even small debt or interest payments, or they know that FSA is unprepared to help them add sufficient capital to put their unit on an economic basis.

The inability to increase their resources is at the heart of the problems of many low-income farm families. Rehabilitation was designed to help them increase their capital equipment among other things. But the trend in RR acceptance policy indicates that, even with the introduction of this "new kind of credit", the fewer the resources that the farmer has available, the more difficult it is for him to secure the additional capital that he needs.

#### D - PERCENT OF LAND IN CROPS

The relative percent of land that farmers have in crops is usually regarded as a rough measure of land quality. Usually the more productive land carries a higher proportion of crops. Using this measure, there is evidence of a trend in the Lake States, in the Corn Belt, and in the South toward the FSA's selecting better farms for the RR program, along with the slight increase in size. Region VI is outstanding in this regard; the farmers selected in 1935 had 38 percent of their land in crops as contrasted with 47 percent for those selected in 1940. Data from the 1930, 1935 and 1940 United States Census show an opposite trend among all farms; the proportion of land in crops on all farms has dropped. This general trend toward a smaller proportion of land in crops has been sharply downward since about 1935 with the beginning of the AAA program. How, then, can we explain the fact that during this same period between 1935 and 1940 the proportion of land in crops among farms selected for the RR program in several regions has shown an upward trend? Are we simply selecting better farms, farms with a higher percentage of crop land?

Is rehabilitation possible with the small amount of resources found on many of the low-income farms? On many of these small farms there probably are not enough resources to keep the families busy as much as 100 days out of a year. Are present RR techniques applicable to such small units?





Can FSA ignore the experiences of the past six years with the RR program? Supervisors are likely to follow the course that works, and there is evidence that the incidence of failure has been large among the farmers with the really small farms. For instance, the 1937 progress report showed an average of 80 acres before acceptance for borrowers coming on the program in 1935, 1936 and 1937. The 1939 progress report two years later showed an average of 100 acres before acceptance for this same group of 1935-1937 borrowers. Enough of the smaller farms had apparently dropped off the program between 1937 and 1939 to bring the average size up by 20 acres.

Certainly the problem of the low income family on the small farm still exists. If changes are needed in present RR techniques, what are they?

#### E - ABILITY TO EXPAND

Not only are farmers with larger farms being taken on the program, but in several of the regions the larger operators coming on the program in recent years have expanded as much in one or two years as have the smaller operators of earlier years expanded in five or six years. This is shown in the table below for the United States.

This trend in expansion of farm acreage after coming on the program may be seen for all FSA regions in table 5. Region II presents an interesting example: the size of farms operated by new borrowers has stayed about the same, but borrowers in recent years have expanded their farm acreage by 50 percent after coming on the program. Was this expansion necessary for the rehabilitation of these families?

Year coming on program	Average size of farm		Percent expansion in farm acreage since coming on program
	Before acceptance	1940	
1935	76	108	42
1936	110	150	36
1937	115	158	30
1938	130	168	29
1939	107	143	33
1940	132	175	33
All years	110	146	33

Borrowers selected in recent years have been able to expand their farm acreage as much in one year as earlier borrowers have been able to do in four or five years. Might this not also indicate a selection of farmers further up the economic scale in 1939 and 1940 than was true in earlier years?





Table 5. - Expansion in Land Resources Among Borrowers  
Since Coming on the RR Program 1935-1939

Region	Percent increase in size of farm from year before acceptance to 1939 for borrowers coming on program in:					
	1935	1936	1937	1938	1939	1935 to '39
United States	42	36	30	29	33	33
I	8	9	11	13	19	11
II	30	37	39	41	53	40
III	36	40	32	36	57	41
IV	17	15	10	8	13	13
V	68	35	32	25	22	35
VI	63	46	44	45	42	49
VII	33	37	28	32	29	33
VIII	48	57	49	35	30	42
IX	44	26	32	36	19	30
X	40	39	38	22	25	30
XI	-18	51	17	23	29	26
XII	43	33	45	33	60	39

Source: 1939 Annual Family Progress Report of Active Standard Borrowers.

The same picture holds for the increase in net worth since coming on the program. The 1939 or 1940 borrowers, although coming on the program with higher net worths, have been able to increase their net worth almost as much in one or two years as earlier borrowers have been able to do in five or six years on the program.

#### F - OTHER CHARACTERISTICS

##### Tenure Status

There has not been a significant change in the proportion of owners and tenants. A slight trend is noticed toward fewer owners and more tenants, but FSA in general is continuing to serve families in the proportion of two tenants to one owner-operator. In the Southern regions, sharecroppers comprise less than four percent of the total RR families.

##### Age of Borrower

There appears to be no marked change in the age of new borrowers. The age of the average borrower selected in 1940 was 40.5 years as compared to 42.1 for those selected in 1935. In the East, South and Mid-west there has been a slight trend toward selection of younger borrowers, but in the West and South-west little change has occurred.





### Size of Family

The average size of families accepted on the program has decreased from 5.7 persons in 1935 to 4.7 in 1940. As seen in table 6 this decrease has been fairly general in all regions and has been a steady trend from year to year. Although the size of family is decreasing among rural people, it has not decreased one person per family in the past six years - the rate of decrease among new RR families.

Table 6. - Size of Family: Trend Among Families Accepted on RR Program (1935 - 1940)

Region	Average size of family for borrowers whose first year on program was:						
	1935	1936	1937	1938	1939	1940	All years
United States	5.7	5.2	5.0	4.9	4.9	4.7	5.0
I	5.3	5.1	5.0	5.0	5.1	5.0	5.1
II	5.1	5.2	5.0	4.8	4.5	4.5	4.8
III	5.1	4.7	4.6	4.5	4.4	4.2	4.5
IV	6.1	5.8	5.6	5.4	5.3	5.2	5.5
V	5.9	5.4	5.2	5.2	5.4	5.4	5.4
VI	5.8	5.5	5.2	5.0	5.0	4.8	5.2
VII	5.1	5.0	4.8	4.7	4.5	4.5	4.8
VIII	6.1	5.2	5.1	4.9	4.8	4.6	5.0
IX	5.8	4.7	4.5	4.3	4.1	4.3	4.5
X	4.5	4.9	4.7	4.8	4.3	3.9	4.6
XI	5.1	4.4	4.6	4.6	4.3	4.3	4.5
XII	5.3	5.0	4.7	4.6	4.4	4.5	4.8

Is there a relationship between income level and size of family? Is this downward trend in average size of family accepted on the program a further indication that FSA is selecting families further up the economic scale?

### Education of husband

The trend in educational status of farm operators accepted on the program is definitely upward. Among the borrowers accepted in 1936, 48 percent had eighth grade educations and six percent high school educations, but in 1940, 58 percent had finished the eighth grade and 10 percent had completed high school.



Table 7. - Trend in Education of Husband Among Families Accepted on RR Program 1936, 1938 and 1940

Region	8th grade education			High School graduates		
	Distribution of borrowers			Distribution of borrowers		
	according to year on program			according to year on program		
	1936	1938	1940	1936	1938	1940
	Percent	Percent	Percent	Percent	Percent	Percent
United States	48	54	58	6	8	10
I	68	78	68	10	14	13
II	66	70	78	5	7	10
III	71	76	78	9	12	14
IV	28	32	39	3	3	5
V	19	22	24	2	2	2
VI	29	35	37	3	4	5
VII	74	76	82	9	9	17
VIII	32	46	58	2	6	10
IX	84	84	84	23	25	32
X	73	81	82	11	17	22
XI	84	86	90	19	22	23
XII	56	65	74	7	10	13

The educational status of borrowers varies considerably from region to region. Table 7 shows that only about one-fifth of the 1940 borrowers in Region V have eighth grade educations while over four-fifths of the borrowers in Region IX and XI have gone past the eighth grade.

How is this sharp upward trend in educational level of new borrowers explained? Though there is a slow general increase in educational achievement among farm people, it can hardly account for this sharp increase among RR families. Has experience led RR supervisors to select families with better training and schooling who can benefit quickly and permanently from RR assistance? Are certain minimum abilities and skills necessary before a farmer can make effective use of present RR techniques? How can these skills and abilities be developed in time for the borrower to develop rather than dissipate his new resources?

\* \* \* \* \*

The questions that have been specifically stated throughout this report are questions that were raised by the data, and do not indicate any attempt at a statement of policy of those who brought this material together.

Little attempt was made to explain the apparent discrepancy in FSA policy, which has taken one official course in speech and on paper and quite another course in the field of action. But such an attempt must be made by those best qualified to make it - the operating and administrative people in whose charge the direction of this program to aid low-income farmers has been put.



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A Note on Authenticity

It is likely that the upward trends in income and net worth of new RR borrowers established by this study will be conservative in view of the nature of the sample selected. From evidence gathered from Olaf Larson's BAE study of RR families and from analyses of FSA periodic reports, it has been estimated that between 45 and 50 percent of the original 1935 borrowers were inactive by 1940. The 1940 sample of 1935, 1936 and 1937 active standard borrowers for the Annual Progress Report included only those who were still active in 1940 - probably those with highest incomes and net worth to begin with. The same is generally true with later borrowers, except that with the recent borrowers, a higher proportion were still in the active category by 1940.

There is further evidence that the 1935 and 1936 borrowers who were still on the program in 1940 were a select group - above average in before-acceptance size of farm and net worth. For instance, the 1937 sample of 1935, 1936 and 1937 borrowers showed an average size of farm before acceptance of 80 acres, but the 1939 sample of the same borrowers showed an average size of farm of 100 acres. Evidently enough of the small farms had dropped off the program to bring the average size up 20 acres in the two years.

Another indication that the 1940 sample of the earlier borrowers gives a bias upward for the earlier borrowers is shown in comparing the \$590 average net worth before acceptance for 1935, 1936 and 1937 borrowers as shown in the 1937 sample with the \$800 net worth before acceptance in the 1940 sample of the same group. Evidently the farmers with the larger net worths had stayed on the program.

The point is simply that if this analysis had included all of the borrowers who came on the RR program in the earlier years, then the spread between the earlier borrowers and the 1939 and 1940 borrowers would probably be even greater than shown in this study.









